



**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
OPERATIONS CENTER  
6432 GENERAL GREEN WAY  
ALEXANDRIA, VIRGINIA 22312-2413

November 21, 2005

Dear Prospective Offerors:

Since the creation of the U.S. Securities and Exchange Commission (SEC) in 1934, one of the agency's core functions has been to encourage and promote informed investment decision making. To accomplish this, the SEC requires public companies, mutual funds, and others to file information with the agency regarding the registration of securities and periodic reporting on those securities' performance, which the agency then provides to the investing public. The Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system has been the backbone of this disclosure program since the system's inception in the early 1980s, and is now regarded as one of the most valuable repositories of investment information in the United States. Today, EDGAR receives and disseminates approximately 700,000 filings each year from tens of thousands of corporate securities issuers, investment companies, and individuals. The SEC's website ([www.sec.gov](http://www.sec.gov)) registered over 375 million on-line searches for EDGAR filings in Fiscal Year 2005. Investors generate an even greater number of "hits" on this information base through a network of third-party data providers who receive and provide the EDGAR data.

In 1998, the SEC awarded the current contract for managing the EDGAR system. The contract provided for a significant, multi-year project to modernize the system's underlying technology, as well as for ongoing operations and maintenance services. The modernization project successfully refreshed EDGAR's technology base, and allowed the filing and dissemination process to take advantage of Internet-based communications. In the wake of the various financial scandals in the early part of the decade and the passage of the Sarbanes-Oxley Act of 2002, EDGAR has again received a series of enhancements, to allow for additional improvements in disclosure, such as:

- On-line filing of transaction records for individual insiders on Forms 3, 4, and 5; introduced in 2003, this improvement allowed for easy investor access to this very important body of information.
- Introduction of "series and classes" identifiers, to allow for mutual fund analysts and investors to more easily identify relevant investment company filings.
- A voluntary program for filing "interactive data" on companies' financial performance in Extensible Business Reporting Language (XBRL) format; if widely adopted, this enhancement will allow investors to conduct real-time analysis of financial information disclosed in EDGAR.

As a result of these and other improvements, the current EDGAR contract has supported a large volume of significant enhancements and ongoing projects to modernize the architecture and infrastructure in addition to the baseline operations and maintenance of the system.

Request for Proposal (RFP) SECHQ1-06-0045 is intended to establish a new, performance-based contract for the ongoing support of the EDGAR platform. As with previous contracts, the statement of work anticipates that a significant amount of resources will be needed to operate and maintain the system, and the SEC wishes to ensure high levels of availability and reliability for filers, internal staff, and users of the data. The Commission staff anticipates that a number of vendors are well-qualified to provide effective operations and maintenance services, and to perform routine minor enhancements to this type of large, enterprise system.

We also anticipate, however, that the factors differentiating a winning bid from those of other well-qualified vendors will center on other capabilities – including innovation, technical and architectural subject matter expertise, and business process redesign. Because of the important implications of this system for the agency’s policy objectives, a successful vendor will also need to demonstrate an aptitude for understanding the types of end-to-end policy and business issues that surround the agency’s disclosure program, whether from other government agencies or regulators, related work in financial services, or other similar experience. The Commission staff believes that EDGAR and the disclosure program will continue to require significant levels of enhancement, continued modernization, and architectural redesign over the coming years, and this contract will provide support for these types of tasks. Neither Congress nor the Commission has established through statute or rulemaking a future strategic direction for disclosure filings or for the EDGAR system<sup>1</sup>, but the staff anticipates that a significant amount of ongoing work will be needed to support future initiatives. Some examples may include:

- Continued revisions to the types of information disclosed (for example, changes to executive compensation related filings).
- Substantial consolidation of the hundreds of forms and form types currently accepted by EDGAR.
- Conversion of an increasing amount of filed information to structured, interactive formats, building on the XML- and XBRL-based filing regimes already in place.
- More robust use of metadata to describe specific characteristics of filings and registrants, and provide more effective searching and analysis.
- Restructuring of the data formats and transmission protocols used in disseminating filings to the public.
- Incorporation of improved tools for SEC staff to search and analyze filings, and manage workflow.
- Improved means of authenticating filers and filings.
- Reengineering of the system’s data architecture to accommodate increasingly data-intensive filings.

Overall, while today’s EDGAR system is built on reasonably modern technology, it is in some ways based on processes and concepts that originated in a paper-based filing environment. Over the next few years, we anticipate developing a long-range strategy for more fully exploiting

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<sup>1</sup> The SEC’s requirements for disclosure and for EDGAR filing are governed by Commission rulemaking. Since the five Commissioners have not expressed through rulemaking their future intentions for EDGAR, this RFP cannot specify in detail the changes to the system that may occur over the course of the contract. Any statements or implications in this RFP that imply changes to Commission rules are illustrative, and do not necessarily indicate current or future actions by the Commission.

modern technology to make the filing process less burdensome, and the disclosed information more useful for both SEC staff and the investing public. This strategy will likely involve developing and implementing a new architectural vision for EDGAR, and substantially transforming it over time via a series of incremental upgrades and enhancements. To do this, the SEC looks forward to working closely with the awardee of this contract, as well as other sources of expertise.

If you have any comments on ways to improve the draft solicitation and/or overall procurement, please provide them via email to Amy Alvarey, Contract Specialist, at [alvareya@sec.gov](mailto:alvareya@sec.gov) and Joanie F. Newhart, CPCM, Contracting Officer, at [newhartj@sec.gov](mailto:newhartj@sec.gov) no later than Monday, December 19, 2005. We look forward to a productive series of discussions throughout this solicitation process.